

Message Text

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ACTION AF-06

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SUBJECT: ETHIOPIAN GRAIN SITUATION

REF: ADDIS ABABA 10628

1. LATEST EMBASSY SURVEY OF CEREAL MARKET SITUATION IN ADDIS ABABA INDICATES THAT THERE IS STILL A SHORTAGE OF TEFF IN THE OPEN MARKET ALTHOUGH IT IS SIMULTANEOUSLY REPORTED TO BE AVAILABLE ON THE BLACK MARKET AT PRICES RANGING BETWEEN 12-30 PERCENT OVER THE OFFICIAL PRICES, DEPENDING ON THE QUALITY. ON THE BASIS OF DISCUSSIONS WITH MERCHANTS, IT APPEARS THE TEFF SITUATION WILL REMAIN THE SAME, IF NOT WORSEN, UNTIL THE NEW SUPPLY COMES ONTO THE MARKET BEGINNING ABOUT EARLY OCTOBER.

2. THE SHORTAGE OF TEFF IS ATTRIBUTED TO A NUMBER OF FACTORS SUCH AS OVER-BUYING LARGELY DUE TO GENERAL UNCERTAINTY, PROBLEMS OF TRANSPORT INTO AND OUT OF ADDIS AS A RESULT OF FUEL SHORTAGE, WITHHOLDING IN THE COUNTRYSIDE, THE LACK OF INCENTIVE FOR MERCHANTS TO MAKE EFFORTS TO BRING IN NEW SUPPLIES MAINLY BECAUSE OF UNCERTAINTY OVER EPMG POLICIES, AND SEASONAL FACTORS. THE LATEST ADDITION TO THE PROBLEMS IS THE DETERIORATING SECURITY SITUATION IN THE ADMINISTRATIVE REGION OF GOJJAM

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WHICH IS A MAJOR SUPPLIER OF TEFF TO ADDIS.

3. HOWEVER, THE SUPPLY OF OTHER FOOD GRAINS SUCH AS WHEAT, BARLEY, MAIZE AND DURRAH IS SAID TO BE REASONABLY GOOD, ALTHOUGH AGAIN THERE RESPECTIVE PRICES HAVE INCREASED WHEN COMPARED TO THE PRICE LEVELS OF ONE YEAR AGO.

4. THE GOVERNMENT IS TRYING TO SOLVE THE PROBLEM IN PART BY FORCING MERCHANTS TO SELL THEIR HOLDINGS AND TO ASSURE SUPPLIES FROM THE INTERIOR BY URGING MERCHANTS TO GO OUT AND MAKE THE COLLECTIONS. BUT THE MOST IMPORTANT MEASURE THAT IS BEING INSTITUTED IN DISTRIBUTION THROUGH HOUSING COOPERATIVES IN ADDIS ABABA. THE CITY OF ADDIS HAS BEEN DIVIDED INTO 300 ZONES, EACH CONSISTING OF ABOUT 500 FAMILIES. SO FAR 295 ZONES HAVE BEEN MADE OPERATIONAL. THE GOVERNMENT HAS ALREADY STATED DISTRIBUTING CEREALS, PARTICULARLY TEFF, THROUGH THESE COOPERATIVES. RESIDENTS OF EACH OF THESE ZONES ARE ISSUED ID CARDS WHICH ENTITLE THEM TO BUY CEREALS FROM THEIR RESPECTIVE ZONE. IT WAS REPORTED IN THE ETHIOPIAN HERALD ON SEPTEMBER 25, 1975, THAT TWO SUCH HOUSING COOPERATIVES CLASHED OVER A TEFF TRUCK-LOAD, EACH CLAIMING IT FOR ITSELF. THIS IS INDICATIVE OF THE SHORTAGE OF SUPPLY WITHIN THE CITY.

5. IN AN INTERVIEW REPORTED IN THE ETHIOPIAN HERALD ON SEPTEMBER 28, DR. ASHAGRE YIGLETU, PERMANENT SECRETARY IN THE MINISTRY OF COMMERCE AND INDUSTRY, DISCUSSED CAUSES OF THE SHORTAGES. DR. ASHAGRE ATTRIBUTED THE SHORTAGE TO DECREASED ACTIVITIES OF MERCHANTS AND THE TENDENCY TO HOARD AMONG CONSUMERS. DISCUSSING THE PARTICULAR TEFF SHORTAGE, DR. ASHAGRE SAID THE SITUATION WAS IMPROVING AND TEFF WOULD HOPEFULLY SOON REACH NORMAL SUPPLY LEVELS. HE NOTED THAT LAST YEAR'S TEFF HARVEST WAS AT RECORD LEVELS AND CALLED ON THE HOUSING COOPERATIVES TO ASSIST IN DEVELOPING AN EFFECTIVE DISTRIBUTION SYSTEM.

6. COMMENT. THE CURRENT TEFF SHORTAGES ARE ANNOYING TO THE PUBLIC BUT THERE IS INDICATION OF GENERAL UNREST OVER THE PROBLEM. EPMG APPEARS TO BE DEVOTING CONSIDERABLE ATTENTION TO THE SITUATION. THE EPMG GRAIN BOARD HAS BEGUN REPORTING DAILY ARRIVALS OF STAPLE FOOD ITEMS IN AN ATTEMPT TO ALLEVIATE CONSUMER UNCERTAINTY. MOST OBSERVERS FEEL THAT PROBLEMS ARE MANAGEABLE AND EXPECT THE SITUATION TO IMPROVE AS EPMG-
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INSTITUTED
MARKETING SYSTEM TAKES EFFECT. THE TERMINATION OF
THE RAINY SEASON SHOULD FACILITATE THE DELIVERY OF NEW SUPPLIES
OF CEREALS WHICH MIGHT HAVE BEEN REPINED IN THE INTERIOR DUE
TO TRANSPORT DIFFICULTIES.
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